

MINUTES OF THE JULY 23, 2024, FACILITIES COMMITTEE MEETING

The Facilities Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) conducted a videoconference meeting on July 23, 2024.

Participating were Committee Chair John Fahey and Committee members Representative Adrian Smith, Michael Govan, and Mitchell N. Schear.

Also present by invitation of the Committee were Inspector General Nicole Angarella; Government Relations Officer Greg Abbott; Chief of Staff to the Secretary Greg Bettwy; John and Adrienne Mars Director of the Smithsonian’s National Air and Space Museum Christopher Browne; Under Secretary for Finance and Administration and Chief Financial Officer Ron Cortez; Director for the Office of Facilities Management and Reliability Tony Edmonds; Deputy Chief of Staff to the Regents Kate Forester; Under Secretary for Museums and Culture Kevin Gover; Assistant Secretary for Communications and External Affairs and Chief Marketing Officer Julissa Marengo; Chief Legal Officer Jennifer McIntyre; Director of Federal Resources for the Office of Planning, Management, and Budget Andrew Mosley; Assistant General Counsel Anne Nelson; Deputy Secretary and Chief Operating Officer Meroë Park; Director of the Office of Planning, Design, and Construction Derek Ross; Assistant Secretary for Advancement Rob Spiller; Under Secretary for Science and Research Ellen Stofan; and Counselor and Chief of Staff to the Regents Porter Wilkinson.

CALL TO ORDER

Committee Chair John Fahey called the meeting to order at 2:00 p.m. and reviewed the agenda.

APPROVAL OF THE MAY 15, 2024, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the minutes of the May 15, 2024, Committee meeting were approved.

NASM UDVAR-HAZY EXPANSION

John and Adrienne Mars Director of the Smithsonian’s National Air and Space Museum Christopher Browne briefed the Committee on a proposed expansion at the National Air and Space Museum’s Steven F. Udvar-Hazy Center located in Chantilly, Virginia. The Smithsonian is requesting approval to build a 4-bay, 200 ft extension to the north end of the Boeing Aviation Hangar. Mr. Browne explained that a 200 ft extension will increase the exhibit area by 44,000 sq ft and allow for the display of up to 50 additional large aerospace artifacts. The expansion will also create space needed to display a growing collection; provide the opportunity to acquire and display curatorially significant aircraft that will reveal new stories; and enhance the visitor experience, expand digital displays, and reconfigure artifact layouts in ways that optimize visitor engagement. The project timeline assumes design award in 2025, 12-18 months for design, two years for construction, and project completion in late 2028. The museum will solicit donors to fund the construction of the proposed expansion.

Upon motion duly made and seconded, the Committee approved the following motion:

VOTED that the Facilities Committee recommends that the Board of Regents approve the plan to construct a privately funded, 4-bay, 200 ft extension to the north end of the Boeing Aviation Hangar contingent on the Board’s approval of the gift for construction funding.

SERC SOLAR PROJECT

Director for the Office of Facilities Management and Reliability Tony Edmonds led the Committee’s discussion on the proposed construction of a 4-megawatt solar array at the Smithsonian Environmental Research Center (“SERC”) campus in Edgewater, MD. The solar array would be constructed on approximately 15 acres of SERC’s agricultural fields, which is less than 1% of the SERC campus. Mr. Edmonds explained that the project is expected to generate enough renewable electricity to make the entire SERC campus “net-positive”, advancing SERC’s and Smithsonian’s position and role as a leader for sustainability. The solar array would also support SERC and Smithsonian science, research, and education programs. Mr. Edmonds noted that the project requires a \$12.61 million loan from the Central Trust. As a result, the formal motion to approve the construction motion will be presented to the Finance Committee, and if approved the Board of Regents will consider the motion at its October meeting.

FIVE-YEAR LEASE RESTRICTION FOR FEDERAL LEASES

Next, the Committee was briefed on discussions with Congress regarding the five-year lease restriction for Federal leases. The five-year limit in authority Congress provides the Institution impacts the Smithsonian’s ability to finalize longer, more financially advantageous leases. The Committee previously requested more information on what actions the Smithsonian was taking to revise the authority. The Committee was told that discussions with Congress are ongoing regarding a potential change to the restriction and that we would request revised authority as part of our FY 2026 budget request to the Office of Management and Budget (“OMB”).

REAL ESTATE UPDATE

Under Secretary for Finance and Administration and Chief Financial Officer Ron Cortez updated the Committee on the Smithsonian’s real estate portfolio, specifically the status of five lease renewals anticipated in fiscal year 2024. The Committee also reviewed collections storage leases, both current and those up for renewal.

CAPITAL GALLERY RIGHT OF FIRST OFFER

Under Secretary for Finance and Administration and Chief Financial Officer Ron Cortez updated the Committee on the Capital Gallery Right of First Offer. The Smithsonian did not pursue this option included in the 2020 agreement to purchase some or all of the remaining areas of the Capital Gallery Building located at 600 Maryland Avenue SW, Washington, DC. The Institution chose to explore additional purchase and lease options, including an 850E Leasing Option at

Capital Gallery, which encompasses approximately 20,988 sq. ft. in space. This space requires upfront investment for customized fit-out and equipment to meet environmental requirements for temperature, humidity, and security standards. Mr. Cortez informed the Committee that executing the lease will involve transitioning National Museum of African American History and Culture staff from Virginia Avenue to Capital Gallery, resulting in annual savings of \$700,000 and an annual lease cost of \$1.2 million.

Mr. Cortez also briefed the Committee on updates to Smithsonian Directive 416: Real Estate Asset Management (“SD416”). The current directive outlines the approval process for real estate actions based on value. Proposed updates include adding factors related to the total cost and the appropriate approval method.

OFFICE SPACE INVENTORY MAPS

The Committee then received an update on office space inventory. The Smithsonian has leased office spaces in Massachusetts, New York, Virginia, and Washington, D.C. In total, these leases represent more than 400,000 square feet of office space. Mr. Cortez noted that where feasible, the Smithsonian plans to consolidate these office spaces into Smithsonian-owned buildings.

CAPITAL GALLERY SPACE OPTIMIZATION

Next, Mr. Cortez briefed the Committee on the Capital Gallery space optimization project. Due to changing work models, the Office of Planning, Design and Construction is undertaking a space utilization and optimization study of existing Capital Gallery office spaces. Ewing Cole has been engaged to study existing owned and leased office space to determine the utilization rates and opportunities for optimization. Mr. Cortez informed the Committee that moving forward space optimization studies will be conducted prior to any consideration of leasing or purchasing additional office space.

CAPITAL PROGRAM COST CONTAINMENT STUDIES

Director of the Office of Planning, Design, and Construction Derek Ross updated the Committee on the capital program cost containment project and efforts to address Smithsonian capital cost overruns. In addition to performing an internal review, the Smithsonian engaged Williams Sale Partnership (“WSP”) to provide a root cause analysis, analyzing the Smithsonian’s capital projects in more detail. The analysis is in progress. Final recommendations will be presented to the Committee, but findings to date support original assumptions including: (1) costs of material and labor are difficult to estimate and continue to increase due to continued post-pandemic material price volatility, supply chain disruptions, and changing labor supply; and (2) other Federal agencies are facing similar issues. Analysis of major capital projects in the Washington, D.C. region whose scopes remained unchanged shows a range in cost increases from 20% to 73% over the 2020-2023 period.

HIRSHHORN MUSEUM AND SCULPTURE GARDEN REVITALIZATION PROJECT

Next, Mr. Ross updated the Committee on construction progress for the revitalization of the Sculpture Garden at the Hirshhorn Museum and Sculpture Garden (“HMSG”), which is scheduled to open in 2026 as part of the America250 celebration. This project is addressing deterioration of the garden walls, flooding in the garden, and leaks at the tunnel connecting the garden to the museum plaza. The demolition phase of the project is approximately 95% complete and foundations are being poured to begin the construction process. Mr. Ross noted the project contains six construction packages: general construction, stacked stone walls, art installation, exhibit signage, stainless steel art fabrication and installation, and West Lawn art commission and installation. Two of the six construction contracts have been awarded. The total current working estimate has increased from \$60.876 million to \$107.15 million.

POD 6 CAPITAL PROJECT

Mr. Ross also updated the Committee on construction progress for the Pod 6 collections storage facility at the Museum Support Center in Suitland, Maryland. The building is fully enclosed, and gas and power utilities are now operating. Mr. Ross noted the contract price was \$12.63 million over the government estimate, and this was included in the fiscal year 2025 request. The project timeline is on track with completion slated for 2025 and collections moves for the Smithsonian and the National Gallery of Art in 2025 and 2026. The Smithsonian plans to move collections from the National Museum of American History, the Hirshhorn Museum, and the National Postal Museum.

AMERICA250 CELEBRATION UPDATE

Mr. Cortez then briefed the Committee on the America 250 celebration plans for the Smithsonian Castle, Arts and Industries Building, and the Hirshhorn Museum and Sculpture Garden. The Committee will receive an update at each meeting on the status of construction at the three sites as plans progress for the United States Semiquincentennial celebration in 2026.

CROZIER LEASE RENEWAL UPDATE

The Committee also had an opportunity to ask questions about the read-ahead information provided on the Crozier Fine Arts Building, specifically a five-year lease for approximately 37,042 square feet of collections storage and support space for continued occupancy for the Cooper Hewitt, Smithsonian Design Museum (“CHSDM”) at 560 Irvine Turner Blvd, Newark, New Jersey.

EXECUTIVE SESSION

The Committee then moved into an executive session at approximately 3:24 p.m. to discuss confidential business matters.

ADJOURNMENT

With no further business to consider, the meeting was adjourned at approximately 3:30 p.m.

Respectfully submitted,

John Fahey, Chair